

# Overview of the 2017-18 Governor's Budget

January 2017

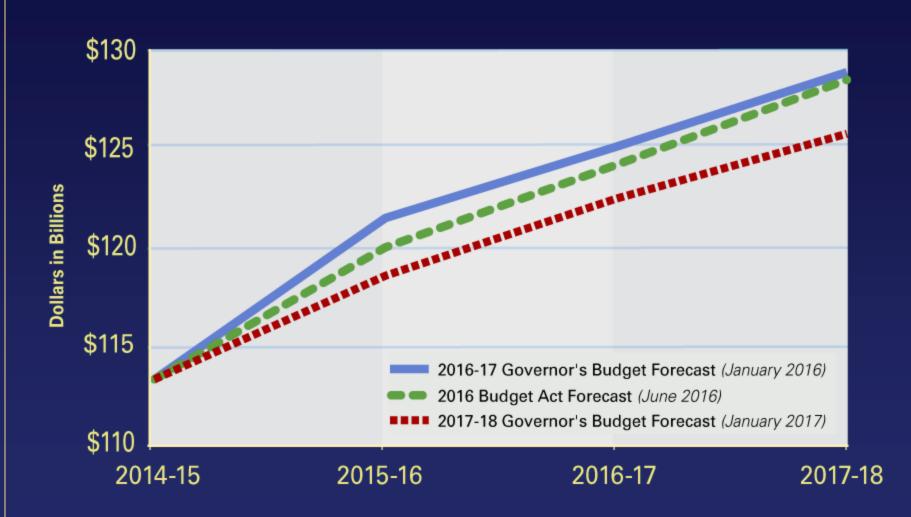
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## Overview of the 2017-18 Governor's Budget

- Revenue Forecast Down by \$5.8 Billion
- \$3.2 Billion in Budget Solutions Proposed
- Preserves Core Achievements

#### Tide of Revenues Has Begun to Turn



#### \$3.2 Billion in Solutions Proposed

- Adjust Proposition 98 (\$1.7 Billion)
- Recapture 2016 Allocations (\$0.9 Billion)
- Constrain Spending Growth (\$0.6 Billion)

### 2017-18 General Fund Revenues and Expenditures

(Dollars in Millions)

Personal Income Tax: \$85,866

K-12 Education: \$52,169

Sales and Use Tax: \$25,179

Health and Human Services: \$33,994

Corporation Tax: \$10,878

Higher Education: \$14,627

Other: \$10,642

Insurance Tax: \$2,368

Corrections and Rehabilitation: \$11,088

-Other: \$892

\$1,156

-Transfer to the Budget Stabilization Account/Rainy Day Fund: - \$1,156

### **Proposition 98 Funding 2007-08 to 2017-18**



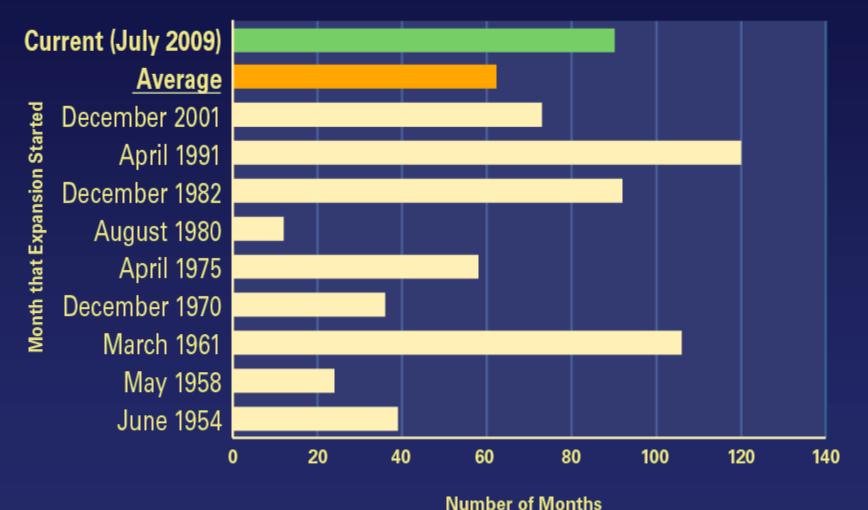
### **Budget Preserves Core Achievements**

- More Money for Education
- Counteracting Effects of Poverty
  - Minimum wage
  - Earned income tax credit
  - Health care expansion
- Paying Down Debts and Liabilities
- Combatting Climate Change
- Strengthening Infrastructure

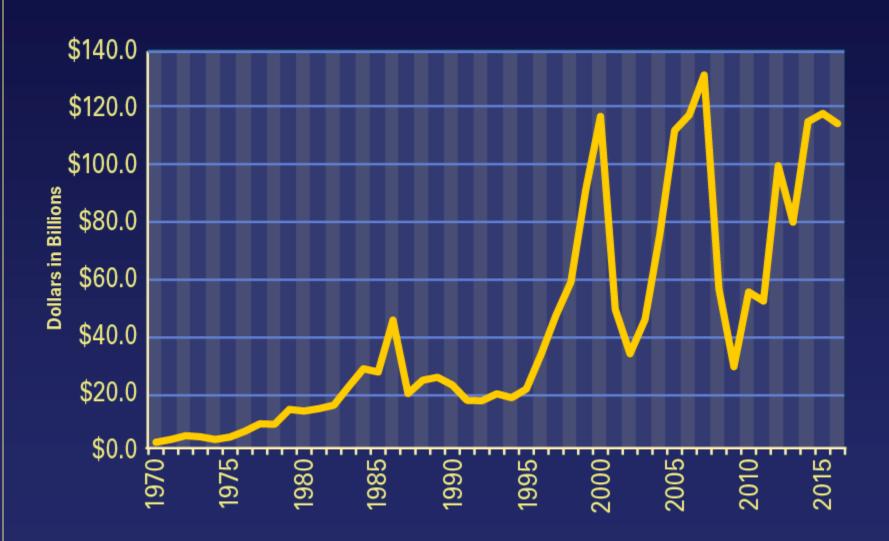
### Maintaining a Balanced Budget in Uncertain Times

- Federal Fiscal Policy
- Risk of Recession

# **Current Recovery is Approaching Three Years Longer than Average**



#### **Unpredictable Capital Gains**



# Balanced Budgets Have Been Quickly Followed by Huge Deficits

